

**REPORT OF THE AUDIT OF THE
LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY**

**A COMPONENT UNIT OF
JEFFERSON COUNTY FISCAL COURT
For The Fiscal Year Ended
June 30, 2002**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
STATEMENT OF NET ASSETS	11
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS.....	15
STATEMENT OF CASH FLOWS	19
NOTES TO FINANCIAL STATEMENTS	21



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Jerry Abramson, Metro Mayor
Members of the Louisville Metro Government Council
Honorable Rebecca Jackson, Former Jefferson County Judge/Executive
Former Members of the Jefferson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying basic financial statements of the Louisville and Jefferson County Riverport Authority (the Authority), a component unit of Jefferson County Fiscal Court, as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4., the Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2002.



To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Jerry Abramson, Metro Mayor

Members of the Louisville Metro Government Council

Honorable Rebecca Jackson, Former Jefferson County Judge/Executive

Former Members of the Jefferson County Fiscal Court

The Management's Discussion and Analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
January 30, 2003

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2002

GASB 34 Implementation

For fiscal year 2002, the Louisville and Jefferson County Riverport Authority has implemented GASB Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis - for State and Local Governments*. GASB 34 creates new basic financial statements for reporting the Authority's financial activities. Comparative information for the year ended June 30, 2001 has been restated to conform with GASB 34.

Total Assets

At June 30, 2002, the Authority's total assets were \$38,934,000. This was a decline of \$1,047,000 (2.6%) from the prior year and resulted primarily from increased accumulated depreciation of capital assets.

Total Liabilities

Liabilities were \$297,000 and \$609,000 at June 30, 2002 and 2001, respectively. Virtually all of the reduction was in accounts payable.

Net Assets

Net assets declined \$735,000 (1.9%) this year. Non-current assets were down \$943,000 (3.4%) reflecting annual depreciation charges. Offsetting this was a reduction in liabilities of \$312,000, or 51.2%, a result of sharply reduced development activity because of general economic conditions.
(Tables 1 and 2)

Total Revenues

For 2002 revenues totaled \$4,559,000 a reduction of \$321,000 or 6.6% from 2001. Reduced land sales were the major reason.

Total Expenses

Expenses for 2002 were \$5,293,000, down \$98,000 (1.8%) from the prior year. The biggest factor was a lower cost of land sales resulting from lower acreage sold.

Operating Income

Operating loss for the year was \$870,000 compared to last year, on a restated basis, of \$641,000, an increase of \$229,000 or 35.7%. Land sales net income declined almost \$100,000 reflecting an industry-wide slowdown in real estate development. Income from port operations also dropped; revenues increased \$172,000 but were more than offset by an increase in maintenance and repairs for port equipment. Non-operating revenues were virtually unchanged.

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2002
(Continued)

Capital Assets

As of June 30, 2002, the Authority had \$26.4 million in capital assets, most of which was land and improvements and equipment related to its port operations. A decline of \$900,000 from the prior year resulted primarily from annual depreciation. (Table 3)

Economic Factors and Next Year's Budget

The Authority's fiscal year 2003 budget has been influenced by the following major factors:

- (1) Land sales will continue to be relatively low (but better than last year) because of a continuing sluggish economy.
- (2) Port operations are budgeted to break even, an improvement over 2002, but below prior years. Sharply reduced general cargo volume and the virtually complete disappearance of coal volume through the port are the reasons. To counter these declines, expenses have been reduced and a more favorable contract has been negotiated with the port's contract operator.

In spite of the above factors, the Authority expects to generate positive cash flow (unless it makes additional land acquisitions), since rentals and other fees and non-operating revenues should exceed administrative expenses.

Debt

The Authority has a total debt obligation to the Kentucky Economic Development Corporation (KEDC) of \$142,000. Annual payments with interest at 5.5% are due through 2007. Under certain conditions KEDC will waive the annual payment. No additional debt is expected to be incurred in fiscal year 2003.

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2002
(Continued)

TABLE 1
NET ASSETS
(In Millions)

	<u>2002</u>	<u>2001</u> (Restated)
Current and Other Assets	\$ 12,504.4	\$ 12,608.8
Capital Assets	<u>26,429.7</u>	<u>27,372.1</u>
Total Assets	<u>\$ 38,934.1</u>	<u>\$ 39,980.9</u>
Long Term Debt Outstanding	\$ (142.1)	\$ (166.2)
Other Liabilities	<u>(154.7)</u>	<u>(443.0)</u>
Total Liabilities	<u>\$ (296.8)</u>	<u>\$ (609.2)</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	\$ 26,287.6	\$ 27,205.9
Unrestricted	<u>12,349.7</u>	<u>12,165.8</u>
Total Net Assets	<u><u>\$ 38,637.3</u></u>	<u><u>\$ 39,371.7</u></u>

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2002
(Continued)

TABLE 2
CHANGES IN NET ASSETS
(In Thousands)

	<u>2002</u>	<u>2001</u> (Restated)
<u>Revenues</u>		
Operating Revenues:		
Port Services	\$ 2,889.6	\$ 2,717.6
Land Sales	681.4	1,308.0
Rentals and Other Fees	380.8	313.4
Non-operating Revenues:		
Tax Increments	120.0	120.0
Interest	250.9	310.6
Other	236.1	110.6
Total Revenues	<u>\$ 4,558.8</u>	<u>\$ 4,880.2</u>
<u>Expenses</u>		
Operating Expenses:		
Port Operator Expense and Fees	\$ 2,978.0	\$ 2,703.8
Cost of Land Sales	282.8	812.6
Salaries, Wages and Employee Benefits	338.2	274.7
Depreciation and Amortization	989.7	979.1
Other General and Administrative	233.2	210.1
Non-operating Expenses:		
Transfer to Jefferson County Fiscal Court	400.0	400.0
Other	71.2	11.1
Total Expenses	<u>\$ 5,293.1</u>	<u>\$ 5,391.4</u>
Increase (decrease) in Net Assets	<u>\$ (734.3)</u>	<u>\$ (511.2)</u>

LOUISVILLE AND JEFFERSON COUNTY
 RIVERPORT AUTHORITY
 MANAGEMENT DISCUSSION AND ANALYSIS
 June 30, 2002
 (Continued)

TABLE 3
CAPITAL ASSETS
 (Net of Depreciation, in Millions)

	<u>2002</u>	<u>2001</u>
<u>Port Operations</u>		
Land and Improvements	\$ 8,335.8	\$ 8,412.9
Buildings and Equipment	17,929.3	18,816.7
Other	<u>164.6</u>	<u>142.5</u>
Totals	<u><u>\$ 26,429.7</u></u>	<u><u>\$ 27,372.1</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF NET ASSETS

LOUISVILLE AND JEFFERSON COUNTY RIVERPORT AUTHORITY
STATEMENT OF NET ASSETS

June 30, 2002

ASSETS

Current assets:

Cash and cash equivalents (Note 3)	\$ 1,025,730
Investments (Note 3)	4,243,449
Accrued interest	49,694
Accounts receivable	2,861
Real estate held for sale	<u>7,182,623</u>
Total current assets	<u>\$ 12,504,357</u>

Noncurrent assets:

Capital assets: (Note 3)	
Land and improvements	\$ 8,335,803
Buildings and facilities	28,794,096
Other capital assets	172,745
Less accumulated depreciation	<u>(10,872,940)</u>
Total noncurrent assets	<u>\$ 26,429,704</u>
Total assets	<u>\$ 38,934,061</u>

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 154,706
Current portion of long-term debt (Note 3)	<u>25,453</u>
Total current liabilities	<u>\$ 180,159</u>

Noncurrent liabilities

Long-term debt, less current portion (Note 3)	<u>\$ 116,601</u>
Total liabilities	<u>\$ 296,760</u>

NET ASSETS

Investment in capital assets, net of related debt	\$ 26,287,650
Unrestricted	<u>12,349,651</u>
Total net assets	<u>\$ 38,637,301</u>

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS

LOUISVILLE AND JEFFERSON COUNTY RIVERPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS

For The Fiscal Year Ended June 30, 2002

OPERATING REVENUES

Port services	\$ 2,889,571
Land sales	681,400
Rentals and other fees	380,834
	<hr/>
Total operating revenues	\$ 3,951,805

OPERATING EXPENSES

Port operator expense and fees	\$ 2,978,031
Cost of land sales	282,784
Salaries, wages, and employee benefits	338,158
Consultants and professional fees	37,079
Advertising and public relations	7,977
Buildings and grounds maintenance	81,568
Supplies and miscellaneous expenses	33,339
Rent and utilities	57,331
Insurance and bonds	15,923
Depreciation and amortization	989,728
	<hr/>
Total operating expenses	\$ 4,821,918
	<hr/>
Operating income (loss)	\$ (870,113)

NONOPERATING REVENUES (EXPENSES)

Tax increment revenue	\$ 120,000
Interest income	250,894
Net decrease in fair value of investments	(62,084)
Other income	236,091
Interest expense	(9,140)
	<hr/>
Total nonoperating revenues (expenses)	\$ 535,761
	<hr/>
Income before transfers	\$ (334,352)
Transfer to primary government:	
Paid to Jefferson County Fiscal Court - return of contributed capital	<hr/> (400,000)
Change in net assets	\$ (734,352)
Net assets - beginning of year	39,371,653
	<hr/>
Net assets - end of year	\$ 38,637,301

The accompanying notes are an integral part of the financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF CASH FLOWS

LOUISVILLE AND JEFFERSON COUNTY RIVERPORT AUTHORITY
STATEMENT OF CASH FLOWS

For The Fiscal Year Ended June 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 4,345,832
Payments to suppliers and contractors	(3,351,640)
Payments for real estate held for sale	(437,995)
Payments to employees	(294,577)
Other receipts	7,871
	<hr/>
Net cash provided (used) by operating activities	\$ 269,491

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Tax increment revenue	\$ 240,000
	<hr/>
Net cash provided (used) by noncapital financing activities	\$ 240,000

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Paid to Jefferson County Fiscal Court - return of contributed capital	\$ (400,000)
Proceeds from sale of capital assets	5,965
Acquisition of capital assets	(53,313)
	<hr/>
Net cash provided (used) by capital and related financing activities	\$ (447,348)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	\$ (11,690,564)
Proceeds from sale and maturities of investments	10,665,931
Interest on investments	242,891
	<hr/>
Net cash provided (used) by investing activities	\$ (781,742)
	<hr/>
Net increase (decrease) in cash and cash equivalents	\$ (719,599)
Cash and cash equivalents - beginning	1,745,329
	<hr/>
Cash and cash equivalents - ending	\$ 1,025,730

The accompanying notes are an integral part of the financial statements.

LOUISVILLE AND JEFFERSON COUNTY RIVERPORT AUTHORITY
 STATEMENT OF CASH FLOWS
 For The Fiscal Year Ended June 30, 2002
 (Continued)

**Reconciliation of operating loss to net cash provided by
 operating activities:**

Operating loss	\$ (870,113)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	989,728
Other income	236,091
Forgiveness of debt	(33,266)
Net changes in assets and liabilities:	
Accounts and notes receivable	448,818
Accounts payable and accrued expenses	(288,323)
Real estate held for sale	<u>(213,444)</u>
Net cash provided by operating activities	<u><u>\$ 269,491</u></u>

Supplemental Disclosure of Cash Flow Information

The Kentucky Economic Development Cabinet (KEDC) waived annual debt requirements owed by the Authority totaling \$33,266, consisting of principal and interest of \$24,126 and \$9,140, respectively. The fair value of investments that are not cash or cash equivalents exceeded their cost by \$42,571 as of June 30, 2001. At June 30, 2002, the cost of these investments exceeded their market value by \$19,513. This net decrease in fair value of investments of \$62,084 from June 30, 2001 to June 30, 2002 is reflected on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

The accompanying notes are an integral part of the financial statements.

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Organization and Summary of Significant Accounting Policies

A. Reporting Entity

The Louisville and Jefferson County Riverport Authority (the Authority), was created by the joint action of the City of Louisville and Jefferson County Fiscal Court (Fiscal Court), under Chapter 65 of the Kentucky Revised Statutes (KRS), to establish a riverport industrial complex. Activity has consisted of acquiring land, developing, and marketing a portion of the land for industrial sites, establishing a foreign trade zone, constructing a riverport complex with rail and truck-served dock facilities, and engaging and overseeing a contract operator of the complex.

The Authority is governed by a board of directors who are appointed by the County Judge/Executive of Fiscal Court. Each of the six board members serves a three-year term. Contributed capital has been provided through discretionary contributions from Fiscal Court, the Commonwealth of Kentucky, and the private sector.

Although the Authority is an independent agency, it is considered a discretely presented component unit and its financial statements are included in the basic financial statements of Fiscal Court.

B. Basic Financial Statements

The basic financial statements (Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, and the Statement of Cash Flows) of the Authority report information on all the activities of the Authority. The activities of the Authority are reported in a Proprietary Fund and are dependent upon land sales, fees and charges for services.

- 1) The Statement of Net Assets reports assets and liabilities acquired by and incurred by the Authority. The difference between assets and liabilities as reported on the Statement of Net Assets is considered "Net Assets" and is categorized into two classifications: Invested in Capital Assets, net of related debt and Unrestricted.
- 2) The Statement of Revenues, Expenses and Changes in Fund Net Assets reports sources of operating revenue for the Authority as well as operating expenses incurred during the year. Non-operating revenues and expenses are reported separately on this statement. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the Authority are land sales, fees and charges for services. Operating expenses for the Authority include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Organization And Summary of Significant Accounting Policies (Continued)

- 3) The Statement of Cash Flows reports the flow of cash and cash equivalents for the year. Only transactions that affect the Authority's cash accounts are reported in the Statement of Cash Flows. The Statement of Cash Flows is classified into four categories as net cash provided (used) by: operating activities, noncapital financing activities, capital and related financing activities and investing activities. Operating activities include all cash flows related to operating income. Noncapital financing activities include borrowing and repayments of debt not clearly attributable to capital purposes. Capital financing activities include borrowing and repayments of debt clearly attributable to capital purposes. Investing activities include cash inflows of interest, loan collections, proceeds from sale of investments, and changes in the fair value of investments subject to fair value reporting and cash outflows for loans made to others and the purchase of investments.

C. Measurement focus, basis of accounting and financial statement presentation

Since the Authority reports its activities in an enterprise fund type, which is a Proprietary Fund, the basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. An enterprise fund is used to report an activity for which a fee is charged to external users for goods or services.

The Government Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", the Authority has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

D. Assets, Liabilities, And Net Assets

1) Cash and Cash Equivalents and Investments

The Authority considers cash on hand, demand deposits and investments with maturities of three months or less at the time of purchase to be cash equivalents.

Investments not considered cash equivalents as stated above, in accordance with the Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", are stated at fair value.

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Organization And Summary of Significant Accounting Policies (Continued)

2) Real Estate Held For Sale

Real estate held for sale is stated at cost, which does not exceed its net realizable value. The costs include land costs, improvement costs, and other capitalizable costs associated with the development of the real estate held for sale.

3) Capital Assets

Capital assets, which include land and improvements, buildings and facilities, and other capital assets are stated at cost and are depreciated by the straight-line method over their estimated useful lives. Estimated useful lives are not based on a standard table but rather on each individual asset and its estimated use. Land improvements include major improvements made to land, and certain other capitalizable costs associated with the development of the port operating facilities. Other capital assets include automobiles, furniture and fixtures.

4) Net Assets

Net assets of the Authority are classified into two categories which include investment in capital assets, net of related debt and unrestricted net assets. Investment in capital assets, net of related debt is any acquisition, construction, or improvement of capital assets of the Authority less any debt which includes the outstanding balances of any bonds, mortgages, notes or other borrowings directly related to the capital asset. Unrestricted net assets is the portion that is neither restricted nor invested in capital assets (net of related debt).

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

Annual Budget

The Authority is required, pursuant to KRS 65.065, to prepare an annual budget. According to the policy adopted by the Authority, the budget must be prepared and submitted for approval by the Board in sufficient time to meet the requirements of all funding sources. This has historically been during March of each year. Requests for additional operating funds, if necessary, are subject to the same approval process. Budgetary reallocation of funds (i.e., changes in category of expense, but not in total expense) requires approval of the Board of Directors, if the reallocation exceeds \$1,500.

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 3. Detailed Notes on All Funds

A. Deposits And Investments

1) Deposits

Deposits are categorized as follows:

- (A) Insured or collateralized with securities held by the Authority or its agent in the Authority's name.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- (C) Uncollateralized.

At June 30, 2002, deposits were categorized as follows:

	Bank Balance	A	B	C	Carrying Amount
Deposits	\$ 1,435,348	\$ 200,000	\$ 1,229,244	\$ 6,104	\$ 1,025,580

2) Investments

Investments are categorized as follows to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered, or for securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or its agent but not in the Authority's name.

At June 30, 2002, the Authority's investments were categorized as follows:

Types of Investments	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$ 3,535,040	\$	\$	\$ 3,512,294
Commercial Paper	727,922			731,155
	\$ 4,262,962	\$ 0	\$ 0	\$ 4,243,449

The Kentucky Revised Statutes (KRS 66.480) states the type of investments in which the Authority may invest, which include the above.

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 3. Detailed Notes On All Funds (Continued)

B. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2002 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and improvements	\$ 8,412,902	\$ 0	\$ (77,099)	\$ 8,335,803
Capital assets being depreciated:				
Buildings and facilities	\$ 28,771,296	\$ 22,800	\$	\$ 28,794,096
Other capital assets	163,286	30,512	(21,053)	172,745
Total capital assets being depreciated:	\$ 28,934,582	\$ 53,312	\$ (21,053)	\$ 28,966,841
Less accumulated depreciation for:				
Buildings and facilities	\$ (9,887,347)	\$ (891,919)	\$	\$ (10,779,266)
Other capital assets	(88,052)	(20,710)	15,088	(93,674)
Total accumulated depreciation	\$ (9,975,399)	\$ (912,629)	\$ 15,088	\$ (10,872,940)
Total capital assets being depreciated, net	18,959,183	(859,317)	(5,965)	18,093,901
Business-type activities capital assets, net	<u>\$ 27,372,085</u>	<u>\$ (859,317)</u>	<u>\$ (83,064)</u>	<u>\$ 26,429,704</u>

C. Long-Term Debt

Long-term debt at June 30, 2002 consisted of the following:

The authority has a loan payable to the Kentucky Economic Development Cabinet in connection with the construction of a bulk commodity terminal facility. The loan is payable annually through 2007 and bears interest at the rate of 5.5% per annum. The loan payments will be waived if the Authority's gross proceeds do not cover port operator expenses and debt service in a given year. For the fiscal year ended June 30, 2002, all required loan payments, including interest, were waived.

Future payments on long-term debt as of June 30, 2002 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 25,453	\$ 7,813	\$ 33,266
2004	26,853	6,413	33,266
2005	28,330	4,936	33,266
2006	29,888	3,378	33,266
2007	31,530	1,734	33,264
Total long-term debt	<u>\$ 142,054</u>	<u>\$ 24,274</u>	<u>\$ 166,328</u>

LOUISVILLE AND JEFFERSON COUNTY
RIVERPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 3. Detailed Notes on All Funds (Continued)

C. Long-Term Debt (Continued)

Changes in long-term debt were as follows:

Balance July 1, 2001	Additions	Debt Payments and Reductions	Balance June 30, 2002	Amount Due Within One Year
\$ 166,180	\$ 0	\$ 24,126	\$ 142,054	\$ 25,453

During the fiscal year ended June 30, 2000, Fiscal Court issued General Obligation Refunding Bonds, which were used to retire certain Mortgage Revenue Bonds of the Authority. The General Obligation Refunding Bonds were recorded as a liability of Fiscal Court. The retirement of the Mortgage Revenue Bonds was accounted for as a capital contribution in the amount of \$17,863,183 by Fiscal Court to the Authority.

In connection with this transaction, the Authority has an unwritten agreement to make annual payments to Fiscal Court in an amount sufficient to pay a portion of the General Obligation Refunding Bonds through 2016. In any given year, such payments will be limited to the Authority's revenues from certain sources, less expenses. During the fiscal year ended June 30, 2002, the Authority returned \$400,000 of contributed capital to Fiscal Court in connection with this agreement.

D. Employee Retirement System and Pension Plan

The Authority contributes to the County Employees Retirement System ("CERS"), a cost-sharing multiple-employer defined pension plan administered by the Kentucky Retirement System of the Commonwealth of Kentucky. CERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Kentucky Retirement Systems issues a publicly available financial report that includes supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124 or by calling (502) 564-4646.

Plan members are required to contribute 5.0% of their annual covered salary and the Authority is required to contribute at an actuarially determined rate. As of June 30, 2002 the rate was 7.17%. The contribution requirements of plan members and the Authority are established and may be amended by the Kentucky Retirement Systems' Board of Trustees. The Authority's contributions to CERS for the years ending June 30, 2002, 2001, and 2000 were \$17,405, \$17,940, and \$14,018, respectively, equal to the required contributions for each year.

Note 4. Changes in Accounting Principles and Restatement of Prior Year Fund Equity

For fiscal year 2002, the Authority has implemented GASB Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis - for State and Local Governments*. GASB 34 creates new basic financial statements (as described in Note 1) for reporting the Authority's financial activities. As a result, the Authority's net assets at the beginning of the year equal fund equity at the end of the prior year.

